



## **Ga-Segonyana Local Municipality**

(Demarcation code NC452)  
Unaudited Annual financial statements  
for the year ended 30 June 2012

# Ga-Segonyana Local Municipality

(Demarcation code NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Nature of business and principal activities</b>	Local municipal functions as set out in the Constitution. (Act no 105 of 1996)
<b>Jurisdiction</b>	The municipality includes the following areas: Kuruman
<b>Grading of local authority</b>	Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)
<b>Accounting Officer</b>	G.E. Ntefang (Municipal Manager)
<b>Chief Finance Officer (CFO)</b>	M.I. Semana
<b>Registered office</b>	Corner of Voortrekker & Skool Street Kuruman 8460
<b>Business address</b>	Corner of Voortrekker & Skool Street Kuruman
<b>Postal address</b>	Private Bag X1522 Kuruman 8460
<b>Principal bankers</b>	ABSA Bank, Kuruman
<b>Auditors</b>	Auditor General of South Africa (Northern Cape office)
<b>Relevant legislation</b>	Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Regulations

# Ga-Segonyana Local Municipality

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# Ga-Segonyana Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## Councillors

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### Members of the Ga-Segonyana Local Municipality

Ward	Councillor	Ward (continued)	Councillor (continued)
Ward 1	F.P. Byleveld	Proportional	B.A. Motlatsi
Ward 2	M.C. Leberegeane	Proportional	G.C. Assegai
Ward 3	N.G. Morogong	Proportional	T.G. Anthony
Ward 4	P.Q. Mogatle	Proportional	K.A. Keikabile
Ward 5	N.G. Disipi	Proportional	K.R. Makwati
Ward 6	T.T. Tlholonyane	Proportional	K.B. Madikiza
Ward 7	M.J. Polelo	Proportional	N.S. Bloem
Ward 8	T.H. Lekgetho	Proportional	K. Bless
Ward 9	L.C. Rapelang	Proportional	B.E. Modise
Ward 10	B.M. Mosegedi	Proportional	N.G. Thupaemang
Ward 11	T.E. Meyers	Proportional	M.A.P. Brink
Ward 12	L.S. Motingwe	Proportional	R.R. Molelekwa
Ward 13	S.M. Rayn		

### Portfolios

#### Mayor

Cllr. T.G. Anthony

#### Speaker

Cllr. T.E. Meyers

#### IDP Standing Committee

Cllr T.G. Anthony (Chairperson)  
Cllr N.S. Bloem  
Cllr T.H. Lekgetho  
Cllr K.R. Makwati  
Cllr R.R. Molelekwa  
Cllr M.J. Polelo

#### Human Resources Standing Committee

Cllr B.E. Modise (Chairperson)  
Cllr K. Bless  
Cllr M.A.P. Brink  
Cllr K.B. Madikiza  
Cllr B.M. Mosegedi  
Cllr T.T. Tlholonyane

#### Executive Committee

Cllr T.G. Anthony (Chairperson)  
Cllr F.P. Byleveld  
Cllr K.A. Keikabile  
Cllr B.E. Modise

#### Finance Standing Committee

Cllr K.A. Keikabile (Chairperson)  
Cllr P.Q. Mogatle  
Cllr B.A. Motlatsi  
Cllr N.G. Morogong  
Cllr L.S. Motingwe  
Cllr N.G. Thupaemang

#### Community Services Standing Committee

Cllr F.P. Byleveld (Chairperson)  
Cllr G.C. Assegai  
Cllr N.G. Disipi  
Cllr M.C. Leberegeane  
Cllr L.C. Rapelang  
Cllr S.M. Rayn

# **Ga-Segonyana Local Municipality**

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and was given unrestricted access to all financial records and related data.

The unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The unaudited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements. The unaudited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The unaudited annual financial statements set out on pages 6 to 69, which have been prepared on the going concern basis, were approved by the municipality on 31 August 2012 and were signed on its behalf by:

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**G.E Ntefang**  
**Municipal Manager**

# Ga-Segonyana Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Position

Figures in Rand		Note(s)	2012	2011	
<b>Assets</b>					
Current Assets					
Inventories	<a href="#">30.20</a>	11	3,006,893	6,738,543	<a href="#">✓</a>
Operating lease asset	<a href="#">25.29</a>	7	(1,978)	1,978	<a href="#">✓</a>
Receivables from exchange transactions	<a href="#">31.20</a>	12	98,012	98,012	<a href="#">1 ✓</a>
Other receivables from non-exchange transactions	<a href="#">33.20</a>	13	7,483,220	3,160,761	<a href="#">2 ✓</a>
VAT receivable	<a href="#">31.20</a>	14	7,197,714	4,067,905	<a href="#">✓</a>
Consumer debtors	<a href="#">31.20</a>	15	7,377,364	11,713,848	<a href="#">3 ✓</a>
Cash and cash equivalents	<a href="#">32.20</a>	16	16,863,879	7,471	<a href="#">✓</a>
			<b>42,025,104</b>	<b>25,788,518</b>	
Non-Current Assets					
Investment property	<a href="#">21.20</a>	3	1,601,700	1,618,560	<a href="#">4 ✓</a>
Property, plant and equipment	<a href="#">20.20</a>	4	957,566,061	952,049,475	<a href="#">5 ✓</a>
Intangible assets	<a href="#">23.22</a>	5	93,488	199,706	<a href="#">6 ✓</a>
Other financial assets	<a href="#">25.26-28</a>	6	222	222	<a href="#">✓</a>
Long-Term Receivables	<a href="#">27.27</a>	10	465,395	551,241	<a href="#">✓</a>
			<b>959,726,866</b>	<b>954,419,204</b>	
<b>Total Assets</b>			<b>1,001,751,970</b>	<b>980,207,722</b>	
<b>Liabilities</b>					
Current Liabilities					
Other financial liabilities	<a href="#">41.27-28</a>	17	2,003,255	2,839,157	<a href="#">7 ✓</a>
Finance lease obligation	<a href="#">25.29</a>	18	264,501	258,999	<a href="#">8 ✓</a>
Payables from exchange transactions	<a href="#">51.20</a>	21	4,948,827	3,625,506	<a href="#">✓</a>
Consumer deposits	<a href="#">51.20</a>	22	2,192,025	1,831,834	<a href="#">✓</a>
Retirement benefit obligation	<a href="#">27.22</a>	8	363,463	228,910	<a href="#">9 ✓</a>
Unspent conditional grants and receipts	<a href="#">43.20</a>	19	11,586,053	3,099,334	<a href="#">✓</a>
Provisions	<a href="#">52.20</a>	20	1,738,660	-	<a href="#">10 ✓</a>
Other short-term employee benefits	<a href="#">43.27</a>	9	1,318,979	1,267,394	
Bank overdraft	<a href="#">32.20</a>	16	-	2,334,704	<a href="#">✓</a>
			<b>24,415,763</b>	<b>15,485,838</b>	
Non-Current Liabilities					
Other financial liabilities	<a href="#">41.27-28</a>	17	28,037,262	30,093,426	<a href="#">11 ✓</a>
Finance lease obligation	<a href="#">25.29</a>	18	863,524	840,896	<a href="#">12 ✓</a>
Retirement benefit obligation	<a href="#">27.22</a>	8	9,757,674	8,477,674	<a href="#">✓</a>
			<b>38,658,460</b>	<b>39,411,996</b>	
<b>Total Liabilities</b>			<b>63,074,223</b>	<b>54,897,834</b>	
<b>Net Assets</b>			<b>938,677,747</b>	<b>925,309,888</b>	
<b>Net Assets</b>					
Accumulated surplus	<a href="#">40.24</a>		938,677,747	925,309,888	<a href="#">13 ✓</a>

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## Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
<b>Revenue</b>			
Property rates	24	14,823,008	13,030,789
Service charges	25	80,915,552	64,223,908
Rental of facilities and equipment		1,666,502	1,649,774
Dividends received		296	104
Income from agency services		1,267,224	1,042,245
Fines		4,082,812	1,344,567
Licences and permits		1,774,889	1,507,401
Government grants & subsidies	26	128,456,653	108,371,985
Miscellaneous other revenue		3,854,231	5,397,045
Third party payments		377,451	196,594
Interest received (investment, trade and other receivables)	31	1,873,025	1,662,055
Interest received - other	31	1,154,184	452,698
<b>Total Revenue</b>	<b>23</b>	<b>240,245,827</b>	<b>198,879,165</b>
<b>Expenditure</b>			
Personnel	29	(42,726,261)	(36,586,988)
Remuneration of councillors	30	(5,529,825)	(5,266,644)
Depreciation and amortisation	33	(41,879,896)	(40,470,676)
Impairments	34	(8,420,370)	(2,257,783)
Finance costs	35	(3,929,148)	(4,117,633)
Repairs and maintenance		(19,927,352)	(19,722,687)
Bulk purchases	39	(41,533,132)	(30,543,229)
Grants and subsidies paid	38	(21,654,250)	(31,234,716)
General Expenses	27	(40,687,425)	(35,929,844)
<b>Total Expenditure</b>		<b>(226,287,659)</b>	<b>(206,130,200)</b>
Fair value adjustments	32	(590,316)	(970,499)
<b>Surplus (deficit) for the year</b>		<b>13,367,852</b>	<b>(8,221,534)</b>



## Ga-Segonyana Local Municipality

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### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	982,860,055	982,860,055
Adjustments		
Prior year adjustments	(49,285,828)	(49,285,828)
<b>Balance at 01 July 2010 as restated</b>	<b>933,574,227</b>	<b>933,574,227</b>
Changes in net assets		
Transfer from long term debtors	(42,805)	(42,805)
Net income (losses) recognised directly in net assets	(42,805)	(42,805)
Surplus for the year	(8,221,534)	(8,221,534)
Total recognised income and expenses for the year	(8,264,339)	(8,264,339)
Total changes	(8,264,339)	(8,264,339)
<b>Balance at 01 July 2011</b>	<b>925,309,895</b>	<b>925,309,895</b>
Changes in net assets		
Surplus for the year	13,367,852	13,367,852
Total changes	13,367,852	13,367,852
<b>Balance at 30 June 2012</b>	<b>938,677,747</b>	<b>938,677,747</b>
Note(s)		

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## Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation and service and other revenue		115,308,192	80,794,043
Grants		128,071,055	108,371,985
Interest income		3,027,209	2,114,753
Dividends received		296	104
		246,406,752	191,280,885
<b>Payments</b>			
Suppliers and employees		(164,728,494)	(155,786,138)
Finance costs		(3,799,055)	(3,984,243)
		(168,527,549)	(159,770,381)
<b>Undefined difference compared to the cash generated from operations note</b>		<b>1</b>	<b>-</b>
<b>Net cash flows from operating activities</b>	<b>40</b>	<b>77,879,204</b>	<b>31,510,504</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(47,768,006)	(31,457,329)
Purchase of other intangible assets	5	(21,930)	-
Proceeds from sale of financial assets		-	276
Purchase of long-term receivables		-	(38,781)
Proceeds from sale of long-term receivables		85,846	-
Purchase of other asset 2		(7,989,489)	(2,165,720)
<b>Net cash flows from investing activities</b>		<b>(55,693,875)</b>	<b>(33,661,658)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2,892,066)	(4,701,744)
Finance lease payments		(101,963)	712,855
<b>Net cash flows from financing activities</b>		<b>(2,994,029)</b>	<b>(3,988,889)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19,191,300</b>	<b>(6,140,043)</b>
Cash and cash equivalents at the beginning of the year		(2,327,233)	3,812,812
<b>Cash and cash equivalents at the end of the year</b>	<b>16</b>	<b>16,864,067</b>	<b>(2,327,231)</b>

# Ga-Segonyana Local Municipality

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## Accounting Policies

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### 1. Basis of Preparation

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

#### 1.2 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

#### 1.3 Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

As noted below, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 11 to 14 have been disclosed in the financial statements.

#### 1.4 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

#### 1.5 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

#### 1.6 Leases

##### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

# Ga-Segonyana Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.6 Leases (continued)

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

#### Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

### 1.7 Conditional grants and receipts

Revenue received from conditional government grants, subsidies and donations from the public are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability (Unspent conditional grants and receipts) is recognised.

The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.8 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is one that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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## Accounting Policies

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### 1.8 Provisions (continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are not recognised for future operating deficits. The present obligation (net of recoveries) under an onerous contract is recognised and measured as a provision.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible. Contingencies are disclosed in note 42.

### 1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

#### Post Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

# Ga-Segonyana Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.9 Employee benefits (continued)

#### Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

### 1.10 Property, plant and equipment

#### Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### Subsequent measurement - revaluation model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

#### Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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### 1.10 Property, plant and equipment (continued)

#### Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

Infrastructure	Years	Other	Years
Roads and Paving	4-100	Buildings	30
Refuse	15-100	Specialist vehicles	10-20
Electricity	5-50	Other vehicles	5-20
Water	4-100	Office equipment	3-20
Sewerage	5-100	Furniture and fittings	3-20
Housing	5-30	Watercraft	15
		Bins and containers	5
Community	5-30	Specialised plant and equipment	10-15
Buildings	5-30	Other plant and equipment	3-20
Recreational Facilities	5-30	Landfill sites	15
Security	5-30	Quarries	25
Halls	5-30	Emergency equipment	5-20
Libraries	5-30	Computer equipment	5-20
Parks and gardens	5-30		
Other assets	5-30		
Finance lease assets			
Office equipment	3-5		
Other assets	3-5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciated cost method was used to establish the deemed cost as on 1 July 2008.

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## Accounting Policies

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### 1.10 Property, plant and equipment (continued)

### 1.11 Intangible assets

#### Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b>Intangible Assets</b>	<b>Years</b>
Computer Software	3-5
Computer System	5-10

#### De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



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### 1.11 Intangible assets (continued)

#### Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated cost method was used to establish the deemed cost as on 1 July 2008.

### 1.12 Investment property

#### Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

#### Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis:

Investment Property	Years
Buildings	30

#### De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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### 1.12 Investment property (continued)

#### Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

### 1.13 Non-current assets held for sale

#### Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification

#### Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### 1.14 Impairment of cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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### 1.14 Impairment of cash-generating assets (continued)

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

### 1.15 Non-current investments

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### 1.16 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

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### 1.16 Impairment of non-cash-generating assets (continued)

- depreciated replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.17 Inventories

#### Initial recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

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### 1.17 Inventories (continued)

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.18 Financial instruments

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

#### Initial recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

#### Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

**Investments:** Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments and is calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance. The balance as at 30 June included accumulated interest.

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### 1.18 Financial instruments (continued)

**Trade and other receivables:** Trade and other receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**Trade and Other Payables and Annuity Loans:** Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**Cash and Cash Equivalents:** Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### De-recognition of financial instruments

**Financial Assets:** A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

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### 1.18 Financial instruments (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**Financial Liabilities:** A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

### 1.19 Revenue from exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

# Ga-Segonyana Local Municipality

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## Accounting Policies

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### 1.19 Revenue from exchange transactions (continued)

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 1.20 Revenue from non-exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category.

Service charges from sewerage are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.



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### 1.20 Revenue from non-exchange transactions (continued)

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 1.21 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

# Ga-Segonyana Local Municipality

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## Accounting Policies

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### 1.22 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.24 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

### 1.25 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.26 Presentation of budget information

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

### 1.27 Significant judgements and estimates

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

# Ga-Segonyana Local Municipality

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## Accounting Policies

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### 1.27 Transfer of functions between entities under common control (continued)

#### Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated cost method which was based on assumptions about the remaining duration of the assets.

#### Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### Revenue Recognition

The accounting policies on revenue describe the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### 1.28 Amended disclosure policy

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

# **Ga-Segonyana Local Municipality**

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## **Accounting Policies**

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### **1.29 Tax**

#### **Value Added Tax**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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### 2. New standards and interpretations

#### 2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

All the standards listed in this section were early-adopted in prior year. Their continued use will not have any impact that is at variance with the prior year

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	N/A
• GRAP 21: Impairment of non-cash-generating assets	01 April 2012	N/A
• GRAP 26: Impairment of cash-generating assets	01 April 2012	N/A
• GRAP 25: Employee benefits	01 April 2013	N/A
• GRAP 104: Financial Instruments	01 April 2012	N/A

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2013	Information to a large extent is already included in the notes to the annual financial statements.
• GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Information to a large extent is already included in the notes to the annual financial statements.
• GRAP 103: Heritage Assets	01 April 2012	Heritage assets are included in PPE and will be moved to Heritage assets with implementation 30 June 2013.
• IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 April 2013	N/A to the municipality's current financial position
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	N/A to the municipality's current and planned operations
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	N/A to the municipality's current and planned operations
• GRAP 107: Mergers	01 April 2014	N/A to the municipality's current and planned operations

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### 3. Investment property

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,686,000	(84,300)	1,601,700	1,686,000	(67,440)	1,618,560

#### Reconciliation of investment property - 2012

	Opening balance	Depreciation	Total
Investment property	1,618,560	(16,860)	1,601,700

#### Reconciliation of investment property - 2011

	Opening balance	Depreciation	Total
Investment property	1,635,420	(16,860)	1,618,560

Fair value of investment properties	1,686,000	1,616,000
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#### Details of valuation

Fair value was determined by valuation roll of 1 July 2009.

Cost module is being used for Investment Properties.

Amounts recognised in surplus and deficit for the year.

Investment property located in (a foreign country: specify) is governed by that country's exchange controls and therefore the rental income and proceeds from any sale of that investment property are not available to the municipality:

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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### 4. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	44,330,900	-	44,330,900	44,330,900	-	44,330,900
Buildings	15,372,264	(294,708)	15,077,556	13,598,287	(226,473)	13,371,814
Infrastructure - Road network	210,450,781	(38,564,698)	171,886,083	210,450,781	(30,841,970)	179,608,811
Infrastructure - Other	69,241,574	(15,952,933)	53,288,641	69,241,574	(12,762,346)	56,479,228
Infrastructure - Sanitation network	85,882,962	(13,929,834)	71,953,128	85,581,775	(11,112,757)	74,469,018
Infrastructure - Electricity network	326,080,823	(57,222,567)	268,858,256	315,536,575	(45,677,655)	269,858,920
Infrastructure - Water network	374,456,852	(54,733,337)	319,723,515	343,254,827	(42,162,159)	301,092,668
Leased office equipment	2,026,548	(900,527)	1,126,021	1,730,661	(670,193)	1,060,468
Plant and equipment	8,406,668	(5,863,213)	2,543,455	7,598,288	(4,977,497)	2,620,791
Furniture and fixtures	6,066,310	(4,739,682)	1,326,628	5,990,157	(4,186,710)	1,803,447
Office equipment	5,349,395	(4,305,934)	1,043,461	5,293,409	(3,786,071)	1,507,338
Watercraft	1,185	(783)	402	1,185	(723)	462
Emergency equipment	119,105	(60,337)	58,768	119,105	(49,275)	69,830
Motor vehicles	15,104,882	(8,791,434)	6,313,448	13,473,463	(7,754,217)	5,719,246
Bins and containers	315,875	(280,076)	35,799	315,875	(259,341)	56,534
<b>Total</b>	<b>1,163,206,124</b>	<b>(205,640,063)</b>	<b>957,566,061</b>	<b>1,116,516,862</b>	<b>(164,467,387)</b>	<b>952,049,475</b>

### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Additions through entity combinations	Other changes, movements	Depreciation	Total
Land	44,330,900	-	-	-	-	44,330,900
Buildings	13,371,814	1,773,978	-	-	(68,236)	15,077,556
Infrastructure - Road network	179,608,811	-	-	-	(7,722,728)	171,886,083
Infrastructure - Other	56,479,228	-	-	-	(3,190,587)	53,288,641
Infrastructure - Sanitation network	74,469,018	301,188	-	-	(2,817,078)	71,953,128
Infrastructure - Electricity network	269,858,920	10,544,247	-	-	(11,544,911)	268,858,256
Infrastructure - Water network	301,092,668	31,202,025	-	-	(12,571,178)	319,723,515
Leased office equipment	1,060,468	350,604	-	-	(285,051)	1,126,021
Plant and equipment	2,620,791	813,381	(2,720)	-	(887,997)	2,543,455
Furniture and fixtures	1,803,447	78,301	(1,331)	-	(553,789)	1,326,628
Office equipment	1,507,338	279,585	(126,301)	-	(617,161)	1,043,461
Watercraft	462	-	-	-	(60)	402
Emergency equipment	69,830	-	-	-	(11,062)	58,768
Motor vehicles	5,719,246	2,955,974	(400,925)	(461,815)	(1,499,032)	6,313,448
Bins and containers	56,534	-	-	-	(20,735)	35,799
<b>Total</b>	<b>952,049,475</b>	<b>48,299,283</b>	<b>(531,277)</b>	<b>(461,815)</b>	<b>(41,789,605)</b>	<b>957,566,061</b>



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### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	44,330,900	-	-	-	44,330,900
Buildings	5,790,202	7,638,391	-	(56,779)	13,371,814
Infrastructure - Road network	187,331,540	-	-	(7,722,729)	179,608,811
Infrastructure - Other	59,669,814	-	-	(3,190,586)	56,479,228
Infrastructure - Sanitation network	77,286,723	-	-	(2,817,705)	74,469,018
Infrastructure - Electricity network	276,113,808	5,173,126	-	(11,428,014)	269,858,920
Infrastructure - Water network	295,630,847	16,701,528	-	(11,239,707)	301,092,668
Leased office equipment	258,667	1,182,891	-	(381,090)	1,060,468
Plant and equipment	3,090,635	214,100	-	(683,944)	2,620,791
Furniture and fixtures	2,113,779	308,424	-	(618,756)	1,803,447
Office equipment	1,919,376	224,005	-	(636,043)	1,507,338
Watercraft	523	-	-	(61)	462
Emergency equipment	65,342	14,864	-	(10,376)	69,830
Motor vehicles	7,344,894	-	(285,000)	(1,340,648)	5,719,246
Bins and containers	80,213	-	-	(23,679)	56,534
	<b>961,027,263</b>	<b>31,457,329</b>	<b>(285,000)</b>	<b>(40,150,117)</b>	<b>952,049,475</b>

### 5. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,996,499	(1,903,011)	93,488	1,974,569	(1,774,863)	199,706

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	199,706	21,930	(128,148)	93,488

#### Reconciliation of intangible assets - 2011

	Opening balance	Amortisation	Total
Computer software, other	332,103	(132,397)	199,706

#### Pledged as security

There are no intangible assets pledged as security for liabilities

#### Restricted title

There are no intangible assets whose title is restricted.

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<b>5. Intangible assets (continued)</b>		
<b>Other information</b>		
No intangible asset were assessed as having an indefinite useful life.		
There are no contractual commitments for the acquisition of intangible assets.		
<b>6. Other financial assets</b>		
<b>Investments</b>		
Investments in listed shares	222	222
Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.		
<b>Non-current assets</b>		
Investments in listed shares	222	222
<b>7. Operating lease asset (accrual)</b>		
Non-current assets	-	-
Current assets	(1,978)	1,978
Non-current liabilities	-	-
	<b>(1,978)</b>	<b>1,978</b>
<b>Movements</b>		
Opening balance	1,978	1,961
Movement during the year	(1,978)	17
<b>Undefined Difference</b>	<b>(1,978)</b>	<b>-</b>
	<b>(1,978)</b>	<b>1,978</b>

Details of operating lease commitments are provided in note 41

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<b>8. Employee benefit obligations</b>		
<b>8.1 Balances and movements</b>		
The amounts recognised in the statement of financial position are as follows:		
<b>Total employee benefit obligations</b>		
Post retirement benefits	8,624,881	7,399,434
Long service awards	1,496,256	1,307,150
	<b>10,121,137</b>	<b>8,706,584</b>
<b>Non-current liabilities</b>		
Post retirement benefits	8,492,344	7,275,990
Long service awards	1,265,330	1,201,684
	<b>9,757,674</b>	<b>8,477,674</b>
<b>Current liabilities</b>		
Post retirement benefits	132,537	123,444
Long service awards	230,926	105,466
	<b>363,463</b>	<b>228,910</b>
Changes in the present value of the employee benefit obligation are as follows:		
<b>Total employee benefit obligation:</b>		
Opening balance	8,706,584	7,153,626
Contribution for the year	1,643,463	1,417,234
Expenditure for the year	(825,963)	(834,775)
Actuarial Loss/(Gain)	597,053	970,499
	<b>10,121,137</b>	<b>8,706,584</b>
<b>Post retirement benefits</b>		
Opening balance	7,399,434	5,975,191
Contribution for the year	1,348,891	1,106,408
Expenditure for the year	(755,471)	(647,930)
Actuarial Loss/(Gain)	632,027	965,765
	<b>8,624,881</b>	<b>7,399,434</b>
<b>Long service awards</b>		
Opening balance	1,307,150	1,178,435
Contribution for the year	294,572	310,826
Expenditure for the year	(70,492)	(186,846)
Actuarial Loss/(Gain)	(34,974)	4,735
	<b>1,496,256</b>	<b>1,307,150</b>

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### 8. Employee benefit obligations (continued)

#### 8.2 Post retirement benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

Type of member	Number of Members	Number of Members
In-service (employee) members	120	120
Continuation members (e.g. Retirees, widows, orphans)	5	5
	<b>125</b>	<b>125</b>

The liability in respect of past service has been estimated to be as follows:

	Rand	Rand
In-service (employee) members	7,147,128	5,921,681
Continuation members (e.g. Retirees, widows, orphans)	1,477,753	1,477,753
	<b>8,624,881</b>	<b>7,399,434</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- LA Health
- KeyHealth
- Hosmed; and
- Samwumed

#### Key actuarial assumptions used

Assumptions used at the reporting date are as follows:

Discount rates used	8.81 %	8.81 %
Health Care Cost Inflation Rate	7.37 %	7.37 %
Net Effective Discount Rate	1.35 %	1.35 %

- Mortality rates used by the actuaries are based on the PA 90 ultimate table, rated down by 1 year of age
- for the normal retirement age it has been assumed that in-service members will retire at ages 65 (male) and 65 (female), which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

<b>Present value of post retirement benefits obligations</b>		
Non-current liabilities	8,492,344	7,275,990
Current liabilities	132,537	123,444
	<b>8,624,881</b>	<b>7,399,434</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

# Ga-Segonyana Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 8. Employee benefit obligations (continued)

#### Reconciliation of present value of (Post Retirement Benefits) fund obligation:

Opening balance	7,399,434	5,975,191
Net expense recognised in the statement of financial performance	1,225,447	1,424,243
	<b>8,624,881</b>	<b>7,399,434</b>

#### Net expense recognised in the statement of financial performance

Current service cost	702,046	573,565
Interest cost	646,845	532,843
Actuarial (gains) losses	632,027	965,765
Benefits Paid	(755,471)	(647,930)
	<b>1,225,447</b>	<b>1,424,243</b>

#### Sensitivity Analysis on the Accrued Liability

Key assumptions have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in these assumptions would have the following effects: Additional text

Assumption	Change	Total liability (Rand)	% change
Central assumption	nil	7,399,434	- %
Health care inflation	1	8,785,000	19.00 %
Health care inflation	-1	6,298,000	(15.00)%
Post-retirement mortality	-1 year	7,671,000	4.00 %
Average retirement age	-1 year	7,935,000	7.00 %
Withdrawal Rate	-50	7,986,000	8.00 %
		<b>46,074,434</b>	<b>23.00 %</b>

# Ga-Segonyana Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 8. Employee benefit obligations (continued)

#### 8.3 Long service bonuses

The Long Service Bonus plans are defined benefit plans. Total employees eligible for Long Service Bonuses were as follows.

	Number in current year	Number in prior year
Eligible employees	120	120
	<b>120</b>	<b>120</b>

#### Key actuarial assumptions used

Assumptions used at the reporting date are as follows:

Discount rates used	7.89 %	7.89 %
General Salary Inflation (long-term)	6.30 %	6.30 %
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.49 %	1.49 %

- Mortality rates used by the actuaries are based on the PA 90 ultimate table, rated down by 1 year of age
- for the normal retirement age it has been assumed that in-service members will retire at ages 65 (male) and 65 (female), which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

#### Present value of post retirement benefits obligations

Non-current liabilities	1,265,330	1,201,684
Current liabilities	230,926	105,466
	<b>1,496,256</b>	<b>1,307,150</b>

#### Reconciliation of present value of (Post Retirement Benefits) fund obligation:

Opening balance	1,307,150	1,178,435
Net expense recognised in the statement of financial performance	189,106	128,715
	<b>1,496,256</b>	<b>1,307,150</b>

#### Net expense recognised in the statement of financial performance

Current service cost	195,569	221,237
Interest cost	99,003	89,589
Actuarial (gains) losses	(34,974)	4,735
Benefits Paid	(70,492)	(186,846)
	<b>189,106</b>	<b>128,715</b>

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 8. Employee benefit obligations (continued)

#### Sensitivity Analysis on the Unfunded Accrued Liability

Key assumptions have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in these assumptions would have the following effects:

Assumption	Change	Total liability (Rand)	% change
Central Assumptions	nil	294,572	- %
General salary inflation	-1	318,546	8.00 %
General salary inflation	-1	273,267	- %
Average retirement age	-2 years	271,925	(8.00)%
Average retirement age	-2 years	314,821	7.00 %
Withdrawal Rate	-50	370,165	26.00 %

### 9. Other short-term employee benefits

Staff leave	1,318,979	1,267,394
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#### The movement in other short term employee benefits are reconciled as follows:

Opening balance	1,267,394	1,104,346
Contribution for the year	674,259	600,997
Expenditure for the year	(622,674)	(437,949)
	<b>1,318,979</b>	<b>1,267,394</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

### 10. Long-Term Receivables

Trade and other receivables with arrangements	10,180	81,586
Housing loans	455,215	469,655
	<b>465,395</b>	<b>551,241</b>

**Trade and other receivables with arrangements:** When the public has outstanding service accounts that can not be paid in full, they make arrangements with Ga-Segonyan Municipality to pay their accounts at a fixed instalment over a period. Arrangements are repayable up to the year 2013.t

**Housing loans:** housing loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Personnel were entitled to loans which attract interest at 6-8% per annum and which are repayable over a maximum period of 40 years. These loans are repayable up to the year 2024.

### 11. Inventories

Consumable stores and fuel at cost	3,006,893	6,738,543
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## Ga-Segonyana Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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#### 12. Receivables from exchange transactions

Employee costs in advance	15,824	15,824
Deposits	82,188	82,188
	<b>98,012</b>	<b>98,012</b>

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R - (2011: R 98,012) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due	-	98,012
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#### Ageing of receivables from exchange transactions

##### Receivables from exchange transactions

Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
> 90 days	98,012	98,012
	<b>98,012</b>	<b>98,012</b>



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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>13. Other receivables from non-exchange transactions</b>		
Taxes - Rates	7,614,328	5,792,703
Unpaid Conditional Government Grants and Receipts	-	829,321
Other	3,464,664	2,959,149
Impairment	(3,595,772)	(6,420,412)
	<b>7,483,220</b>	<b>3,160,761</b>

### Ageing of other receivables from non-exchange transactions

#### Taxes - Rates

Current (0 -30 days)	-	(567)
31 - 60 days	198,194	147,767
61 - 90 days	146,406	102,997
> 90 days	7,269,728	5,542,506
	<b>7,614,328</b>	<b>5,792,703</b>

#### Unpaid Conditional Government Grants and Receipts

Current (0 -30 days)	-	829,321
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#### Other

Current (0 -30 days)	49,437	61,622
31 - 60 days	52,744	56,410
61 - 90 days	47,083	45,533
> 90 days	3,315,400	2,795,584
	<b>3,464,664</b>	<b>2,959,149</b>

### 14. VAT receivable

VAT	7,197,714	4,067,905
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VAT is payable/receivable on the cash basis.

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Unaudited Annual Financial Statements for the year ended 30 June 2012

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>15. Consumer debtors</b>		
<b>Gross balances</b>		
Electricity	6,016,777	4,018,831
Water	2,085,316	1,086,087
Sewerage	7,521,180	6,210,037
Refuse	4,443,677	3,579,187
Other Trade Receivables	6,739,803	5,541,049
	<b>26,806,753</b>	<b>20,435,191</b>
<b>Less: Provision for debt impairment</b>		
Electricity	1,033,462	(1,665,413)
Water	(223,432)	(531,606)
Sewerage	(1,280,232)	(4,449,656)
Refuse	(959,578)	(2,519,926)
Regional services levies	(2,598,468)	(2,764,948)
Less: Provision for debt impairment	(15,401,141)	3,210,206
	<b>(19,429,389)</b>	<b>(8,721,343)</b>
<b>Net balance</b>		
Electricity	7,050,239	2,353,418
Water	1,861,884	554,481
Sewerage	6,240,948	1,760,381
Refuse	3,484,099	1,059,261
Other Trade Receivables	4,141,335	2,776,101
Allowance for Doubtful Debts	(15,401,141)	3,210,206
<b>Net balance</b>	<b>7,377,364</b>	<b>11,713,848</b>
<b>Electricity</b>		
Current (0 -30 days)	3,349,260	1,991,390
31 - 60 days	661,329	493,104
61 - 90 days	480,009	400,030
> 90 days	1,526,179	1,134,307
Impairments	1,033,462	(1,665,413)
	<b>7,050,239</b>	<b>2,353,418</b>
<b>Water</b>		
Current (0 -30 days)	696,540	335,674
31 - 60 days	243,300	150,691
61 - 90 days	205,244	87,452
> 90 days	940,232	512,270
Impairments	(223,432)	(531,606)
	<b>1,861,884</b>	<b>554,481</b>
<b>Sewerage</b>		
Current (0 -30 days)	715,707	547,162
31 - 60 days	282,859	260,205
61 - 90 days	230,815	188,087
> 90 days	6,291,799	5,214,583
Impairments	(1,280,232)	(4,449,656)
	<b>6,240,948</b>	<b>1,760,381</b>

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>15. Consumer debtors (continued)</b>		
<b>Refuse</b>		
Current (0 -30 days)	377,831	311,583
31 - 60 days	172,767	143,876
61 - 90 days	139,907	116,020
> 90 days	3,753,172	3,007,708
Impairments	(959,578)	(2,519,926)
	<b>3,484,099</b>	<b>1,059,261</b>
<b>Other Trade Receivables</b>		
Current (0 -30 days)	796,294	1,247,550
31 - 60 days	230,877	406,440
61 - 90 days	203,075	353,449
> 90 days	5,509,557	3,533,610
Impairments	(2,598,468)	(2,764,948)
	<b>4,141,335</b>	<b>2,776,101</b>
<b>Impairments</b>		
<b>Undefined Difference</b>	<b>(15,401,141)</b>	<b>3,210,206</b>
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(11,931,548)	(8,559,690)
Contributions to provision	(7,624,019)	(3,371,859)
Debt impairment written off against provision	126,178	-
<b>Undefined Difference</b>	<b>-</b>	<b>3,210,206</b>
	<b>(19,429,389)</b>	<b>(8,721,343)</b>
<b>16. Cash and cash equivalents</b>		
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value:		
Cash on hand	6,520	6,520
Bank balances	16,857,359	951
Bank overdraft	-	(2,334,704)
	<b>16,863,879</b>	<b>(2,327,233)</b>
Current assets	16,863,879	7,471
Current liabilities	-	(2,334,704)
	<b>16,863,879</b>	<b>(2,327,233)</b>

# Ga-Segonyana Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 16. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
Kuruman ABSA Account number: 40 5218 3325 (Primary Bank Account):	2,389,602	(324,810)	8,639,283	229,726	(2,334,704)	4,904,008
Kimberley ABSA Account Number: 40 6020 4391 (Bank Account - TMT):	-	45,480	951	-	951	951
Kuruman ABSA Account: 92 6474 8829 (Call account)	17,038,737	-	-	17,038,737	-	-
<b>Total</b>	<b>19,428,339</b>	<b>(279,330)</b>	<b>8,640,234</b>	<b>17,268,463</b>	<b>(2,333,753)</b>	<b>4,904,959</b>

Traffic account is cleared daily to Primary Bank Account.

### 17. Other financial liabilities

#### Held at amortised cost

Annuity Loans - At amortised cost	30,040,517	32,932,583
Annuity loans at amortised cost is calculated at 5.00%-15.00% interest rate, with maturity date of 30 June 2027.		

#### Non-current liabilities

At amortised cost	28,037,262	30,093,426
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#### Current liabilities

At amortised cost	2,003,255	2,839,157
	<b>30,040,517</b>	<b>32,932,583</b>

The obligations under the annuity loans are scheduled below

#### Amounts payable under annuity loans:

- within one year	4,970,018	6,609,069
- in second to fifth year inclusive	20,455,381	18,574,663
- later than five years	25,901,169	30,304,297
	51,326,568	55,488,029
less: future finance charges	(20,895,341)	(22,557,784)
<b>Present value of annuity obligations</b>	<b>30,431,227</b>	<b>32,930,245</b>

Information on the municipality's financial management policies and practices is provided in note 45.

# Ga-Segonyana Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>18. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	372,262	367,840
- in second to fifth year inclusive	992,014	1,004,759
	1,364,276	1,372,599
less: future finance charges	(236,252)	(272,704)
<b>Present value of minimum lease payments</b>	<b>1,128,024</b>	<b>1,099,895</b>
<b>Present value of minimum lease payments due</b>		
- within one year	264,501	258,999
- in second to fifth year inclusive	863,524	840,896
	<b>1,128,025</b>	<b>1,099,895</b>
Non-current liabilities	863,524	840,896
Current liabilities	264,501	258,999
	<b>1,128,025</b>	<b>1,099,895</b>

No existence and terms of renewal or purchase options exists and only the Xerox Copier C5665 has a 10% escalation clauses.

Refer to note 45 and Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

### 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant (MIG)	10,131,772	-
Municipal Systems Improvement Grant	67,306	356,788
Department of Mineral and Energy (DME)	39,066	658,149
Housing Grants	1,196,559	1,456,262
Water and Sanitation Master Plan	353	541,953
Amogelang Early Childhood	68,932	68,932
Library Development	59	512
Blue Drop & Green Support	66,483	16,738
Unspent grant 11	15,523	-
	<b>11,586,053</b>	<b>3,099,334</b>

See note 26 and Appendix F for reconciliation of grants from the various spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

# Ga-Segonyana Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 19. Unspent conditional grants and receipts (continued)

#### Unpaid Conditional Government Grants and Receipts

The following amounts were due to the municipality as at year-end and have been recognised as receivables from non-exchange transactions (Note 13):

Municipal Infrastructure Grant (MIG)	-	829,321
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### 20. Provisions

#### Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Provision 1	-	1,738,660	1,738,660

### 21. Payables from exchange transactions

Trade payables	493,090	2
Retentions	2,908,907	2,307,141
Other accrued expenses	83,676	-
Deposits received	1,463,154	1,318,363
	<b>4,948,827</b>	<b>3,625,506</b>

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

### 22. Consumer deposits

Water & electricity	2,192,025	1,831,834
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# Ga-Segonyana Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>23. Revenue</b>		
Property rates	14,823,008	13,030,789
Service charges	80,915,552	64,223,908
Rental of facilities & equipment	1,666,502	1,649,774
Dividends received	296	104
Income from agency services	1,267,224	1,042,245
Fines	4,082,812	1,344,567
Licences and permits	1,774,889	1,507,401
Government grants & subsidies	128,456,653	108,371,985
Miscellaneous other revenue	3,854,231	5,397,045
	<b>236,841,167</b>	<b>196,567,818</b>

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Service charges	80,915,552	64,223,908
Rental of facilities & equipment	1,666,502	1,649,774
Dividends received	296	104
Income from agency services	1,267,224	1,042,245
Licences and permits	1,774,889	1,507,401
Miscellaneous other revenue	3,854,231	5,397,045
	<b>89,478,694</b>	<b>73,820,477</b>

**The amount included in revenue arising from non-exchange transactions is as follows:**

### Taxation revenue

Property rates	14,823,008	13,030,789
Fines	4,082,812	1,344,567

### Transfer revenue

Government grants	128,456,653	108,371,985
	<b>147,362,473</b>	<b>122,747,341</b>

## 24. Property rates

### Rates received

Residential, commercial and state property	16,188,943	14,288,154
Less: Rebates	(1,365,935)	(1,257,365)
	<b>14,823,008</b>	<b>13,030,789</b>

### Valuations

Residential	1,171,454,054	1,115,521,554
Commercial	812,955,325	470,512,910
State	63,744,400	63,744,400
Municipal	71,541,400	85,665,700
Small holdings and farms	685,509,500	638,407,800
Post Office	1,554,000	1,554,000
100% Rebate (Indigence)	7,275,700	9,762,700
Spoornet	2,800,000	2,800,000
Churches & Charitable	35,917,010	35,276,010
	<b>2,852,751,389</b>	<b>2,423,245,074</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 1993 and interim 1 July 2001.

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>25. Service charges</b>		
<b>Net service charges</b>		
Sale of electricity	58,166,173	44,407,281
Sale of water	8,984,002	7,365,017
Sewerage and sanitation charges	8,798,231	7,552,335
Refuse removal	4,967,146	4,899,275
	<b>80,915,552</b>	<b>64,223,908</b>
<b>Details</b>		
<b>Sale of electricity</b>		
Services charges	60,168,473	46,352,832
Rebates	(2,002,300)	(1,945,551)
	<b>58,166,173</b>	<b>44,407,281</b>
<b>Sale of water</b>		
Services charges	9,034,158	7,404,902
Rebates	(50,156)	(39,885)
	<b>8,984,002</b>	<b>7,365,017</b>
<b>Sewerage and sanitation charges</b>		
Services charges	8,798,231	7,552,335
	<b>8,798,231</b>	<b>7,552,335</b>
<b>Refuse removal</b>		
Services charges	4,967,146	4,899,275
	<b>4,967,146</b>	<b>4,899,275</b>



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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>26. Government grants and subsidies</b>		
Unconditional Grants		
Equitable share	58,219,000	48,469,524
Conditional Grants		
Local Government Financial Management Grant (FMG)	1,010,477	1,624,096
Municipal Infrastructure Grant (MIG)	31,282,906	24,914,148
Department of Mineral and Energy (DME)	-	1,867,983
Amogelang Early Childhood	-	1,146,453
Library grant	646,000	359,941
Municipal Systems Improvement Grant	878,082	594,735
Housing grants	20,743,885	27,689,201
Department Water Affairs and Forestry (DWAF)	1,974,000	1,586,000
Blue Drop & Green Support	335,974	119,904
Government grant (capital) 19	13,366,329	-
<b>Total government grants and subsidies</b>	<b>128,456,653</b>	<b>108,371,985</b>

Government grants and subsidies by type		
Government grants and subsidies - capital	31,282,906	27,441,703
Government grants and subsidies - operating	97,173,747	80,930,282
<b>Total government grants and subsidies</b>	<b>128,456,653</b>	<b>108,371,985</b>

The municipality does not expect any significant changes to the level of grants.

### Equitable Share

Balance unspent at beginning of year	-	-
Current-year receipts	58,219,000	48,469,524
Conditions met - transferred to revenue	(58,219,000)	(48,469,524)
	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. The grant is used to subsidise the provision of basic services to indigent community members.

### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	3,230,488
Current-year receipts	45,474,000	20,854,339
Conditions met - transferred to revenue	(35,342,228)	(24,914,148)
Unpaid amount recognised as receivable from non-exchange transactions	-	829,321
	<b>10,131,772</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

### Municipal Systems Improvement Grant

Balance unspent at beginning of year	356,788	201,524
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(1,079,482)	(594,736)
	<b>67,306</b>	<b>356,788</b>

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### 26. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 19).

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems..

#### Department of Mineral and Energy (DME)

Balance unspent at beginning of year	658,149	26,132
Current-year receipts	-	2,500,000
Conditions met - transferred to revenue	(619,083)	(1,867,983)
	<b>39,066</b>	<b>658,149</b>

Conditions still to be met - remain liabilities (see note 19).

The grant was used for electricity infrastructure development.

#### Housing Grants

Balance unspent at beginning of year	1,456,262	-
Current-year receipts	31,706,946	30,145,463
Conditions met - transferred to revenue	(31,966,649)	(28,689,201)
	<b>1,196,559</b>	<b>1,456,262</b>

Conditions still to be met - remain liabilities (see note 19).

Housing grants was utilised for the development of Erven and the erection of top structures.

#### Water and Sanitation Master Plan

Balance unspent at beginning of year	541,953	541,953
Conditions met - transferred to revenue	(541,600)	-
	<b>353</b>	<b>541,953</b>

Conditions still to be met - remain liabilities (see note 19).

The grant was used for water & sanitation infrastructure development

#### Amogelang Early Childhood

Balance unspent at beginning of year	68,932	1,215,384
Current-year receipts	-	(1,146,452)
	<b>68,932</b>	<b>68,932</b>

Conditions still to be met - remain liabilities (see note 19).

The grant was used for Building of Pre-School.

#### Library Development

Balance unspent at beginning of year	512	453
Current-year receipts	646,000	360,000
Conditions met - transferred to revenue	(646,453)	(359,941)
	<b>59</b>	<b>512</b>

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### 26. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 19).

The grant was used for the development of libraries in the Kuruman area.

#### Blue Drop & Green Support

Balance unspent at beginning of year	16,738	-
Current-year receipts	365,201	136,641
Conditions met - transferred to revenue	(315,456)	(119,903)
	<b>66,483</b>	<b>16,738</b>

Conditions still to be met - remain liabilities (see note 19).

The grant was used for water operating and maintenance.

#### Department Water Affairs and Forestry (DWAF)

Current-year receipts	1,481,000	1,586,000
Conditions met - transferred to revenue	(1,481,000)	(1,586,000)
	-	-

Conditions still to be met - remain liabilities (see note 19).

The grant was used for water operating and maintenance.

#### MUNICIPAL FINANCE GRANT

Current-year receipts	1,450,000	-
Conditions met - transferred to revenue	(1,434,477)	-
	<b>15,523</b>	-

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

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Figures in Rand	2012	2011
<b>27. General expenses</b>		
Advertising	194,054	227,623
Assessment rates & municipal charges	-	4,657
Auditors remuneration	3,428,229	2,773,204
Bank charges	363,042	364,789
Cleaning	339,444	398,015
Computer expenses	62,752	53,289
Consumables	4,429	7,339
Donations	100,545	128,125
Entertainment	222,956	378,334
Flowers	1,515	2,228
Animal Costs	(11,410)	17,466
Insurance	2,594,527	1,844,530
IT expenses	43,213	86,133
Horticulture	-	10,991
Levies	-	4,342,440
Medical expenses	-	8,488
Postage and courier	250,625	290,590
Printing and stationery	370,464	343,160
Security (Guarding of municipal property)	1,792,072	1,652,536
Software expenses	512,523	477,023
Subscriptions and membership fees	296,129	289,338
Telephone and fax	11,636	26,083
Training	368,709	366,766
Travel - local	1,210,509	1,202,500
Title deed search fees	1,638	8,798
Electricity	1,109,428	1,144,739
Chemicals	21,110	15,641
Other expenses	27,399,286	19,465,019
	<b>40,687,425</b>	<b>35,929,844</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

## 28. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Impairment on property, plant and equipment	430,881	92,063
Impairment on asset 2	7,989,489	2,165,720
Depreciation on property, plant and equipment	41,879,896	40,470,676
Employee costs	48,256,086	41,853,632

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>29. Employee related costs</b>		
Basic	17,070,367	18,899,327
Acting allowances	874,214	433,297
Annual/Leave Bonus	1,938,101	1,786,631
Clothing Allowance	347,622	252,879
Group Insurance	474,637	476,267
Housing benefits and allowances	1,492,027	1,549,936
Industrial Council	9,961	10,372
Leave pay provision charge	2,375,801	600,998
Long Service Bonus	195,569	221,237
Medical aid - company contributions	2,031,925	1,981,156
Overtime payments	1,195,273	1,054,930
Post-employment benefits - Pension - Defined contribution plan	656,485	-
Retirement Fund	4,030,646	4,286,151
Standby Allowance	157,528	215,263
Telephone Allowance	41,835	224,421
Tool allowance	5,000	3,200
Travelling Allowance	1,713,156	1,913,494
UIF	244,335	267,101
Wages	8,415,182	7,676,972
Less: Remuneration of councillors	30 (543,403)	(5,266,644)
	<b>42,726,261</b>	<b>36,586,988</b>

### Remuneration of municipal manager

Annual Remuneration	776,102	716,332
Contributions to UIF, Medical and Pension Funds	30,728	30,728
Travelling Allowance	106,800	106,800
	<b>913,630</b>	<b>853,860</b>

Municipal Manager was appointed on 01 November 2011 with a contract ending years after the Municipal elections in 2011

There are no post-employment or termination benefits payable to them at the end of the contract period.

### Remuneration of chief finance officer

Annual Remuneration	568,133	520,322
Contributions to UIF, Medical and Pension Funds	78,771	78,771
Travelling Allowance	84,000	84,000
	<b>730,904</b>	<b>683,093</b>

The CFO was appointed 02 January 2009 and her contract ends 31 December 2014

There are no post-employment or termination benefits payable to them at the end of the contract period.

### Remuneration of the Corporate Services Manager

Annual Remuneration	541,410	452,708
Contributions to UIF, Medical and Pension Funds	117,494	158,380
Travelling Allowance	72,000	72,000
	<b>730,904</b>	<b>683,088</b>

The Corporate Manager's contract ended 30 November 2010 and she is on a month to month contract until the position is filled.

There are no post-employment or termination benefits payable to them at the end of the contract period.

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### 29. Employee related costs (continued)

#### Remuneration of the Community Services Manager

Annual Remuneration	652,138	604,322
Contributions to UIF, Medical and Pension Funds	78,766	78,766
	<b>730,904</b>	<b>683,088</b>

Community Services Manager was appointed on 3 November 2009 and her contract ends on 31 October 2012

There are no post-employment or termination benefits payable to them at the end of the contract period.

#### Remuneration of the Technical Services Manager

Annual Remuneration	588,164	539,916
Contributions to UIF, Medical and Pension Funds	35,940	36,372
Travelling Allowance	106,800	106,800
	<b>730,904</b>	<b>683,088</b>

The Head of Infrastructure was appointed 1 May 2007 and his contract ended 30 April 2012

There are no post-employment or termination benefits payable to them at the end of the contract period.

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### 30. Remuneration of councillors

Executive Major	611,708	582,758
Mayoral Committee Members	757,221	721,161
Speaker	489,516	466,205
Councillors	3,671,380	3,496,520
	<b>5,529,825</b>	<b>5,266,644</b>

### Detailed remuneration of councillors

#### In-kind benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

#### Mayor

Annual Remuneration	457,237	346,430
Contributions to UIF, Medical and Pension Funds	1,497	90,638
Travelling Allowance	152,974	145,690
	<b>611,708</b>	<b>582,758</b>

#### Speaker

Annual Remuneration	293,289	268,158
Contributions to UIF, Medical and Pension Funds	73,848	81,496
Travelling Allowance	122,379	116,551
	<b>489,516</b>	<b>466,205</b>

#### Exco Councillors

Annual Remuneration	426,397	429,760
Contributions to UIF, Medical and Pension Funds	141,519	121,126
Travelling Allowance	189,305	170,275
	<b>757,221</b>	<b>721,161</b>

#### Councillors

Annual Remuneration	1,965,322	2,638,067
Contributions to UIF, Medical and Pension Funds	788,218	439,594
Travelling Allowance	917,840	418,859
	<b>3,671,380</b>	<b>3,496,520</b>

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
<b>31. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	1,080,107	730,937
Interest charged on trade and other receivables	792,918	931,118
Interest received - other	1,154,184	452,698
	<b>3,027,209</b>	<b>2,114,753</b>
<b>32. Fair value adjustments</b>		
Actuarial gains (losses)	8 (590,316)	(970,499)
<b>33. Depreciation and amortisation</b>		
Property, plant and equipment	41,879,896	40,470,676
<b>34. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	430,881	92,063
Receivables from exchange and non-exchange transactions	7,989,489	2,165,720
	<b>8,420,370</b>	<b>2,257,783</b>
<b>35. Finance costs</b>		
Non-current borrowings	3,053,207	3,361,811
Finance leases	130,093	133,390
Fair value adjustments: Notional (actuarial) interest	745,848	622,432
	<b>3,929,148</b>	<b>4,117,633</b>
<b>36. Auditors' remuneration</b>		
Fees	3,428,229	2,773,204
<b>37. Contracted services</b>		
<b>38. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Group co ID 1	21,654,250	31,234,716
<b>39. Bulk purchases</b>		
Electricity	41,533,132	30,543,229



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Figures in Rand	2012	2011
<b>40. Cash generated from operations</b>		
Surplus (deficit)	13,367,852	(8,221,534)
<b>Adjustments for:</b>		
Depreciation and amortisation	41,879,896	40,470,676
Fair value adjustments (incl actuarial gain/loss)	590,316	970,499
Finance costs - Finance leases	130,093	133,390
Dividends received	296	104
Impairment deficit	8,420,370	2,257,783
Movements in operating lease assets and accruals	3,956	(17)
Movements in retirement benefit assets and liabilities (excl actuarial gain/loss)	824,237	582,459
Movements in provisions	1,738,660	-
Other non-cash items	-	(4,021)
<b>Changes in working capital:</b>		
Inventories	3,731,650	172,749
Other receivables from non-exchange transactions	(4,322,459)	795,057
Consumer debtors	4,336,484	42,080
Movement in long term receivables	85,846	(38,781)
Payables from exchange transactions	1,323,321	386,032
VAT	(3,129,809)	(3,912,946)
Unspent conditional grants and receipts	8,486,719	(2,540,695)
Consumer deposits	360,191	254,621
Other short-term employee benefits	51,585	163,048
	<b>77,879,204</b>	<b>31,510,504</b>

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### 41. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Land & Buildings	1,898,316	6,491,938
• Infrastructure	51,032,919	18,781,337
• Other	-	-
	<b>52,931,235</b>	<b>25,273,275</b>

##### Not yet contracted for and authorised by accounting officer

• Land & Buildings	-	-
• Infrastructure	15,296,706	-
• Other	-	-
	<b>15,296,706</b>	<b>-</b>

This committed expenditure will be financed by available bank facilities, retained surpluses, and other means as detailed below:

External Loans	-	164,310
Government Grants	11,971,650	10,157,762
	<b>11,971,650</b>	<b>10,322,072</b>

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	-	34,748
- in second to fifth year inclusive	-	-
- later than five years	-	-
	<b>-</b>	<b>34,748</b>

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as detailed above. This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

Detailed disclosure of the operating lease asset/(accrual) is provided in note 7.

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### 42. Contingencies

Erf 489 - Summons was received from TEB properties, who demands payment of R2 428 254.00 with legal costs of R300 000 for the purchase price and improvements made. The legal service provider advised that we consider a settlement meeting with the opponents.

Bophrima Black Contractors - The matter was defended and Plaintiff stopped from proceeding with matter as its summonses were badly drafted in law and ordered to cure its summons before they could proceed. The estimated cost is R1 479 304.67 with legal costs of R200 000. The Plaintiff has not acted on the matter, the matter is not proceeding in Court, we are awaiting on Plaintiff to act.

Trespass Security - Plaintiff claiming R2 557 551.08 with legal costs of R350 000 breach of contract by Municipality by not awarding them the Security tender. The matter has been defended, currently Plaintiff employs dilatory tactics by not committing to trial date. A cost order for wasted costs recently obtained against Plaintiff. Awaiting trial date on the matter.

Peyper Sesele attorneys - the attorneys who had represented the municipality on the eviction matter and conversion of Deeds of grant into full Title Deeds. the attorneys have issued summons against the municipality for R156 000 and R2 000 000 respectively. The estimated legal cost to the municipality is R250 000.

DNA: bid awarded to Matsapa Trading cc for development of the mall. The estimated legal costs is R250 00.

### Contingent assets

During the year 2009/10 a case of alleged theft at the vehicle registration office to the amount of R71 358 was reported to the SAPS. The 3 officials identified were suspended with full remuneration. A creditor was created for Department of Transport, Safety and Liaison for an amount of R66,825.22 short for 2009/2010.

### 43. Related parties

#### Relationships

Accounting Officer  
Members of key management

Refer to accounting officer's report note  
Refer to disclosure on remuneration of senior  
management 29

### Related party balances

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 10 to the Annual Financial Statements.

### Related party transactions

The municipality had no related party transactions during the financial year outside of contractual remuneration of senior management (details provided in note 29).

### 44. Prior period errors

Property, Plant and Equipment were depreciated at the tax rates. The useful lives and residual values were not appropriately considered. (Give the nature of the error.)

The correction of the error(s) results in adjustments as follows:

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### 45. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2012	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Long Term liabilities	4,970,018	20,455,381	16,533,002	9,368,167
Trade and other payables (deposits received)	1,824,160	-	-	-
Unspent conditional government grants and receipts	11,971,650	-	-	-
At 30 June 2011	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Long Term liabilities	6,609,069	18,574,663	17,998,547	12,305,750
Trade and other payables (deposits received)	270,518	-	-	-
Unspent conditional government grants and receipts	3,099,334	-	-	-

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions and alternative financing. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax surplus of a 0.5% shift would be a maximum increase of R 999,999,999,999 (2011: R 157,206) or decrease of R 999,999,999,999 (2011: R (157,206)), respectively. The simulation is done on a quarterly basis to verify that the maximum deficit potential is within the limit given by the management.

The municipality did not hedge against any interest rate risks during the current year.

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### 45. Risk management (continued)

#### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to notes 12 and 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to notes 12 and 15 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying values disclosed in the notes referred to above is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

Details on how the provision for bad debts has been allocated between the different classes of debtors is provided in note 15.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of Debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2012	2011
Long term receivables	465,395	551,241
Other receivables from exchange transactions	98,012	98,012
Other receivables from non-exchange transactions	7,483,220	3,160,761
Consumer debtors	7,377,364	11,713,848
Cash and Cash Equivalents	16,863,879	7,471
	<b>32,287,870</b>	<b>15,531,333</b>

#### Foreign exchange risk

The municipality does not engage in foreign currency transactions.

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### 45. Risk management (continued)

#### Price risk

The municipality is not exposed to price risk.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified a available-for-sale.

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2012

2011

### 46. Financial assets by category

The accounting policies for financial instruments as regards financial assets have been applied to the line items below. The fair value of financial instruments approximates the amortised costs reflected.

#### 2012

	Financial instruments at amortised cost	Total
Receivables from exchange transactions	98,012	98,012
Other receivables from non-exchange transactions	7,030,897	7,030,897
Consumer debtors	8,503,643	8,503,643
Cash and cash equivalents	16,863,879	16,863,879
Other financial assets	222	222
Long-Term Receivables	465,395	465,395
	<b>32,962,048</b>	<b>32,962,048</b>

#### 2011

Receivables from exchange transactions	98,012	98,012
Other receivables from non-exchange transactions	6,730,967	6,730,967
Consumer debtors	8,503,643	8,503,643
Cash and cash equivalents	6,520	6,520
Other financial assets	222	222
Long-Term Receivables	551,241	551,241
	<b>15,890,605</b>	<b>15,890,605</b>

### 47. Financial liabilities by category

The accounting policies for financial instruments as regards financial financial liabilities have been applied to the line items below. The fair value of financial instruments approximates the amortised costs reflected.

#### 2012

	Financial liabilities at amortised cost	Total
Other financial liabilities	29,413,002	29,413,002
Payables from exchange transactions	4,733,068	4,733,068
Consumer deposits	2,192,025	2,192,025
Unspent conditional grants and receipts	20,584,135	20,584,135
Bank overdraft	-	-
	<b>56,922,230</b>	<b>56,922,230</b>

#### 2011

Other financial liabilities	32,932,583	32,932,583
Payables from exchange transactions	3,625,504	3,625,504
Consumer deposits	1,831,834	1,831,834
Unspent conditional grants and receipts	3,099,334	3,099,334
Bank overdraft	2,334,704	2,334,704
	<b>43,823,959</b>	<b>43,823,959</b>

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### 48. Events after the reporting date

No reportable events relevant to the financial year under review were identified that took place after the balance sheet date.

### 49. Unauthorised expenditure

#### Reconciliation of unauthorised expenditure:

Opening balance	-	-
Add: Unauthorised expenditure - current year	29,818,995	60,294,709
Less: Approved by Council or condoned	-	-
Less: Transfer to receivables for recovery	-	-
	<b>29,818,995</b>	<b>60,294,709</b>

#### Analysis of unauthorised expenditure awaiting condonation per age classification

Current year	-	-
Prior years	-	60,294,709
	<b>-</b>	<b>60,294,709</b>

#### Details of unauthorised expenditure - current year

Incident	Disciplinary steps taken/criminal proceedings	
Depreciation calculation with GRAP not included in Budget, creating overspending.	None	60,294,709

### 50. Fruitless and wasteful expenditure

#### Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Add: Fruitless and wasteful expenditure - current year	85,211	13,083
Less: Condoned or written off by Council	-	-
Less: Transfer to receivables for recovery - not condoned	-	-
	<b>85,211</b>	<b>13,083</b>

#### Analysis of fruitless and wasteful expenditure awaiting condonation per age classification

Current year	-	-
Prior years	-	60,294,709
	<b>-</b>	<b>60,294,709</b>

#### Details of fruitless and wasteful expenditure - current year

Incident	Disciplinary steps taken/criminal proceedings	
Interest paid on late payments to the value of R465 for Telkom and R12 618 for Eskom.	None	60,294,709

### 51. In-kind donations and assistance

The municipality did not receive any in-kind donations or assistance during the year under review.



# Ga-Segonyana Local Municipality

(Demarcation code NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 52. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government - SALGA contributions

Opening balance	-	-
Current year subscription / fee	229,726	212,385
Amount paid - current year	(229,726)	(212,385)
	-	-

#### Audit fees

Opening balance	-	-
<b>Current year fees:</b>		
External Audit - Auditor-General	2,406,572	2,386,770
Internal Audit	1,021,657	430,000
Amount paid - current year	(3,428,229)	(2,816,770)
	-	-

#### PAYE, SDL and UIF

Opening balance	-	-
Current year payroll deductions and Council Contributions	6,072,989	5,592,188
Amount paid - current year	(6,072,989)	(5,592,188)
	-	-

#### Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	11,196,164	10,638,503
Amount paid - current year	(11,196,164)	(10,638,503)
	-	-

#### VAT

VAT receivable	7,197,714	4,067,905
----------------	-----------	-----------

VAT is payable/receivable on the cash basis. VAT output payables and VAT input receivables are shown in note .

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2012:

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: MAP Brink	-	15,128	15,128
Councillor: FP Byleveld	-	3,582	3,582
	-	18,710	18,710

#### Supply chain management regulations

##### Quotations awarded - Section 45 - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

# Ga-Segonyana Local Municipality

(Demarcation code NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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### 52. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Year to 30 June 2012

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001	Total
Financial Services	122,897	1,650,219	-	-	1,773,116
Technical Services	204,103	881,561	-	-	1,085,664
Community Services	63,887	83,340	-	-	147,227
	<b>390,887</b>	<b>2,615,120</b>	<b>-</b>	<b>-</b>	<b>3,006,007</b>

#### Year to 30 June 2011

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001	Total
Executive & Council	6,609,069	18,574,663	30,304,297	-	55,488,029
Technical Services	270,518	-	-	-	270,518
Electrical Services	2,270,012	-	-	-	2,270,012
	<b>9,149,599</b>	<b>18,574,663</b>	<b>30,304,297</b>	<b>-</b>	<b>58,028,559</b>

### 53. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	30,040,517	32,932,583
	30,040,517	32,932,583
Cash set aside for the repayment of long-term liabilities	-	(32,932,583)
	<b>30,040,517</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

### 54. Reconciliation of available cash and investment resources

Cash and cash equivalents	16,863,879	7,471
Bank overdraft	-	(2,334,704)
Other financial assets	222	222
	16,864,101	(2,327,011)
<b>Less:</b>		
Unspent Committed Conditional Grants	(11,586,053)	(3,099,334)
Staff leave	(1,738,660)	-
<b>Net cash resources available for internal distribution</b>	<b>3,539,388</b>	<b>(5,426,345)</b>

#### Allocation:

Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Roll Reserve	-	-
<b>Resources available for working capital requirements</b>	<b>3,539,388</b>	<b>(5,426,345)</b>

## Ga-Segonyana Local Municipality

(Demarcation code NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2012	2011
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#### 55. Private public partnerships

Council has not entered into any private public partnerships during the financial year.

# Ga-Segonyana Local Municipality

(Registration number NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 56. Statement of comparative and actual information

2012

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>							
Property rates	18,062,080	17,947,614	17,947,614	14,823,008	3,124,606	83 %	82 %
Service charges	74,655,766	80,521,982	80,521,982	80,915,552	(393,570)	100 %	108 %
Investment revenue	1,151,230	2,032,370	2,032,370	3,027,209	(994,839)	149 %	263 %
Transfers recognised - operational	64,437,476	65,932,958	65,932,958	83,807,418	(17,874,460)	127 %	130 %
Other own revenue	11,160,560	13,048,110	13,048,110	13,023,405	24,705	100 %	117 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>169,467,112</b>	<b>179,483,034</b>	<b>179,483,034</b>	<b>195,596,592</b>	<b>(16,113,558)</b>	<b>109 %</b>	<b>115 %</b>
Employee costs	(57,608,107)	(43,748,101)	(43,748,101)	(42,726,261)	(1,021,840)	98 %	74 %
Remuneration of councillors	-	(4,996,916)	(4,996,916)	(5,529,825)	532,909	111 %	DIV/0 %
Depreciation and asset impairment	(13,423,850)	(19,820,056)	(19,820,056)	(50,300,266)	30,480,210	254 %	375 %
Finance charges	(3,741,899)	(3,083,258)	(3,083,258)	(3,929,148)	845,890	127 %	105 %
Materials and bulk purchases	(43,698,660)	(41,533,134)	(41,533,134)	(41,533,132)	(2)	100 %	95 %
Transfers and grants	(3,056,000)	(3,289,150)	(3,289,150)	(21,654,250)	18,365,100	658 %	709 %
Other expenditure	(51,594,755)	(64,224,498)	(64,224,498)	(61,205,093)	(3,019,405)	95 %	119 %
<b>Total expenditure</b>	<b>(173,123,271)</b>	<b>(180,695,113)</b>	<b>(180,695,113)</b>	<b>(226,877,975)</b>	<b>46,182,862</b>	<b>126 %</b>	<b>131 %</b>
<b>Surplus/(Deficit)</b>	<b>(3,656,159)</b>	<b>(1,212,079)</b>	<b>(1,212,079)</b>	<b>(31,281,383)</b>	<b>30,069,304</b>	<b>2,581 %</b>	<b>856 %</b>

## Ga-Segonyana Local Municipality

(Registration number NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 56. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	-	-	-	44,649,235	(44,649,235)	DIV/0 %	DIV/0 %
Contributions recognised - capital and contributed assets	5,762,159	5,762,159	5,762,159	-	5,762,159	- %	- %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>2,106,000</b>	<b>4,550,080</b>	<b>4,550,080</b>	<b>13,367,852</b>	<b>(8,817,772)</b>	<b>294 %</b>	<b>635 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>2,106,000</b>	<b>4,550,080</b>	<b>4,550,080</b>	<b>13,367,852</b>	<b>(8,817,772)</b>	<b>294 %</b>	<b>635 %</b>

# Ga-Segonyana Local Municipality

(Registration number NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 56. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Capital expenditure and funds sources</b>							
<b>Cash flows</b>							
Net cash from (used) operating	-	-	-	77,879,204	(77,879,204)	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	(55,693,875)	55,693,875	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	(2,994,029)	2,994,029	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-	-	<b>19,191,300</b>	<b>(19,191,300)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
Cash and cash equivalents at the beginning of the year	-	-	-	(2,327,233)	2,327,233	DIV/0 %	DIV/0 %
<b>Cash and cash equivalents at year end</b>	-	-	-	<b>16,864,067</b>	<b>(16,864,067)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

Refer to note for narrative reasons for variances.

## **Ga-Segonyana Local Municipality**

(Demarcation code NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

# Ga-Segonyana Local Municipality

## Appendix A

June 2012

### Schedule of external loans as at 30 June 2012

Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
<b>Development Bank of South Africa</b>							
DBSA - 15%	11099/102	2018/06/30	5,421,622	-	479,563	4,942,059	-
DBSA - 8.67%	13511/202	2014/12/31	808,439	-	230,983	577,456	-
DBSA - 9.42%	13891/201	2021/12/31	2,020,868	-	192,464	1,828,404	-
DBSA - 11.5%	100234/1	2023/12/31	3,658,081	-	141,098	3,516,983	-
DBSA - 9.34%	101738/2	2025/06/30	6,141,480	-	225,356	5,916,124	-
DBSA- 8.463%	102274/2	2026/06/30	10,642,651	-	370,690	10,271,961	-
DBSA - 5%	102568/1	2012/06/30	1,722,902	-	909,337	813,565	-
DBSA - 5%	102568/2	2027/06/30	2,363,659	-	909,337	1,454,322	-
			-	-	-	-	-
			<b>32,779,702</b>	<b>-</b>	<b>3,458,828</b>	<b>29,320,874</b>	<b>-</b>
Bonds			-	-	-	-	-
Other loans			-	-	-	-	-
<b>Lease liability</b>							
Xerox Copier C5665 - 11.85%	Corporate Services	2015/08/01	197,261	-	42,504	154,757	-
Toshiba e-Studio 232 Digital Copier	Library Services	2011/10/31	41,140	-	37,976	3,164	-
Toshiba e- Studio 232 Digital Copier	Library Services	2011/10/31	41,140	-	37,976	3,164	-
Toshiba e- Studio 207 Digital Copier	Traffic Services	2011/10/31	41,140	-	37,976	3,164	-



**Ga-Segonyana Local Municipality**  
**Appendix A**  
June 2012

**Schedule of external loans as at 30 June 2012**

	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2011</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2012</b>	<b>Carrying Value of Property, Plant &amp; Equip Rand</b>	<b>Other Costs in accordance with the MFMA Rand</b>
			<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>		
Toshiba e- Studio 207 Digital Copier	Corporate Services	2011/10/31	41,140	-	37,976	3,164	-	-
Toshiba DP50 Multifunctional Fax	Corporate Services	2011/10/31	41,140	-	37,976	3,164	-	-
Simens PABX	Corporate Services	2015/06/30	802,032	-	200,508	601,524	-	-
Xerox WC5790-CP Digital Copier	Corporate Services	2015/11/25	203,701	-	38,962	164,739	-	-
Xerox WC5790-CP Digital Copier	Financial Services	2015/11/25	203,701	-	38,962	164,739	-	-
Xerox 4112 CP Pro Digital Copier	Financial Services	2017/03/01	-	427,350	23,333	404,017	-	-
Xerox WC5745.CS Digital Copier	Technical Services	2016/03/02	119,822	-	21,798	98,024	-	-
Xerox C118 Digital Copier	Library Services	2011/10/24	7,116	-	7,116	-	-	-
Xerox C118 Digital Copier	Library Services	2011/09/30	6,213	-	6,213	-	-	-
			-	-	-	-	-	-
			<b>1,745,546</b>	<b>427,350</b>	<b>569,276</b>	<b>1,603,620</b>	<b>-</b>	<b>-</b>
<b>Annuity loans</b>								
ABSA - 10.5%	7900448	2015/01/01	76,442	-	19,469	56,973	-	-
ABSA - 10.5%	79001690	2015/01/01	76,442	-	19,469	56,973	-	-
ABSA - 9.5%	82025656	2017/02/01	633,115	-	27,415	605,700	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			<b>785,999</b>	<b>-</b>	<b>66,353</b>	<b>719,646</b>	<b>-</b>	<b>-</b>
<b>Government loans</b>								
			-	-	-	-	-	-
<b>Total external loans</b>								

## June 2012

Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		32,779,702	-	3,458,828	29,320,874	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		1,745,546	427,350	569,276	1,603,620	-	-
		785,999	-	66,353	719,646	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		<b>35,311,247</b>	<b>427,350</b>	<b>4,094,457</b>	<b>31,644,140</b>	<b>-</b>	<b>-</b>

**Ga-Segonyana Local Municipality**  
**Ga-Segonyana Local Municipality**

**Appendix B**

June 2012

**Analysis of property, plant and equipment as at 30 June 2012**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	44,330,900	-	-	-	-	-	44,330,900	-	-	-	-	-	-	44,330,900
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>44,330,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,330,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,330,900</b>
<b>Infrastructure</b>														
Electricity	315,536,575	2,370,261	-	-	-	8,173,987	326,080,823	(45,677,655)	-	-	(11,544,911)	-	(57,222,566)	268,858,257
Storm water	69,241,574	-	-	-	-	-	69,241,574	(12,762,346)	-	-	(3,190,587)	-	(15,952,933)	53,288,641
Road Network	210,450,781	-	-	-	-	-	210,450,781	(30,841,970)	-	-	(7,722,728)	-	(38,564,698)	171,886,083
Sanitation Network	85,581,775	57,530	-	-	-	243,658	85,882,963	(11,112,757)	-	-	(2,817,078)	-	(13,929,835)	71,953,128
Water Network	343,254,827	8,549,935	-	-	-	22,652,090	374,456,852	(42,162,159)	-	-	(12,571,178)	-	(54,733,337)	319,723,515
Water Network	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,024,065,532</b>	<b>10,977,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,069,735</b>	<b>1,066,112,993</b>	<b>(142,556,887)</b>	<b>-</b>	<b>-</b>	<b>(37,846,482)</b>	<b>-</b>	<b>(180,403,369)</b>	<b>885,709,624</b>
<b>Leased Assets</b>														
Office Equipment	1,341,000	-	-	-	-	-	1,341,000	(553,272)	-	-	-	-	(553,272)	787,728
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,341,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,341,000</b>	<b>(553,272)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(553,272)</b>	<b>787,728</b>

## June 2012

## June 2012

### Analysis of property, plant and equipment as at 30 June 2012

### Investment properties

**Segmental analysis of property, plant and equipment as at 30 June 2012**  
**Cost/Revaluation                      Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
<b>Municipality</b>														
Caravan Park	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cleansing	1,260,603	-	-	-	-	-	1,260,603	(1,028,645)	-	-	(68,746)	-	(1,097,391)	163,212
Clinic	150,996	-	-	-	-	-	150,996	(97,571)	-	-	(18,181)	-	(115,752)	35,244
Collections	109,141	19,296	-	-	-	-	128,437	(84,785)	-	-	(9,354)	-	(94,139)	34,298
Community Services	140,588	8,421	-	-	-	-	149,009	(81,598)	-	-	(21,351)	-	(102,949)	46,060
Corporate administration	60,658,499	34,965	-	-	-	-	60,693,464	(1,012,733)	-	-	(200,133)	-	(1,212,866)	59,480,598
Council expenses	1,291,609	658,087	(355,553)	-	-	-	1,594,143	(693,326)	138,855	-	(191,788)	-	(746,259)	847,884
Data processing	1,573,743	43,116	-	-	-	-	1,616,859	(1,432,637)	-	-	(92,581)	-	(1,525,218)	91,641
Department health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disaster management	218,858	-	-	-	-	-	218,858	(123,068)	-	-	(27,819)	-	(150,887)	67,971
Electricity	318,858,830	3,054,482	-	-	-	8,173,987	330,087,299	(47,495,179)	-	-	(11,955,714)	-	(59,450,893)	270,636,406
Electricity admin	22,835	-	-	-	-	-	22,835	(20,497)	-	-	(1,281)	-	(21,778)	1,057
Estates	32,967	-	-	-	-	-	32,967	(27,653)	-	-	(1,728)	-	(29,381)	3,586
Financial Services	1,845,385	48,035	(25,989)	-	-	-	1,867,431	(1,170,763)	22,278	-	(230,597)	-	(1,379,082)	488,349
Firebrigade	389,258	1,866,644	(291,724)	-	-	-	1,964,178	(236,255)	162,625	-	(59,378)	-	(133,008)	1,831,170
Idp/pms	48,453	7,789	-	-	-	-	56,242	(28,039)	-	-	(8,456)	-	(36,495)	19,747
Internal auditor	13,723	-	-	-	-	-	13,723	(11,268)	-	-	(682)	-	(11,950)	1,773
Library	976,902	40,733	-	-	-	-	1,017,635	(715,024)	-	-	(108,639)	-	(823,663)	193,972
Licenses	243,165	-	-	-	-	-	243,165	(187,387)	-	-	(22,747)	-	(210,134)	33,031
Municipal buildings	1,144,788	1,049,557	(61,389)	-	-	928,186	3,061,142	(930,781)	40,954	-	(131,575)	-	(1,021,402)	2,039,740
Municipal houses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal manager	390,295	-	(38,309)	-	-	-	351,986	(236,450)	33,292	-	(40,010)	-	(243,168)	108,818
Nature Reserve	19,024	-	-	-	-	-	19,024	(17,200)	-	-	(2,240)	-	(19,440)	(416)
Parks & recreation	471,874	7,332	-	-	-	-	479,206	(366,932)	-	-	(48,521)	-	(415,453)	63,753
Pavements and island	7,634	-	-	-	-	-	7,634	(6,581)	-	-	(41,131)	-	(47,712)	(40,078)
Public relations	65,934	-	-	-	-	-	65,934	(42,927)	-	-	(7,498)	-	(50,425)	15,509
Pw Roads & water	210,748,975	3,000	-	-	-	-	210,751,975	(31,076,176)	-	-	(7,746,750)	-	(38,822,926)	171,929,049
Sanitation	85,653,912	-	-	-	-	243,658	85,897,570	(11,140,348)	-	-	(2,828,220)	-	(13,968,568)	71,929,002
Second eye	3,685	-	-	-	-	-	3,685	(3,136)	-	-	(196)	-	(3,332)	353
Sewerage	713,991	-	-	-	-	-	713,991	(587,555)	-	-	(48,227)	-	(635,782)	78,209
Stores	258,407	-	-	-	-	-	258,407	(188,200)	-	(24,058)	-	-	(212,258)	46,149
Swimming pools	5,389	-	-	-	-	-	5,389	(4,646)	-	-	(290)	-	(4,936)	453
Technical services	14,077,535	781	(215,463)	-	-	-	13,862,853	(8,332,649)	160,335	-	(1,430,746)	-	(9,603,060)	4,259,793
Testing Ground	1,306,440	5,288	(2,720)	-	-	-	1,309,008	(700,498)	2,280	-	(165,970)	-	(864,188)	444,820
Townplanning & building	695,007	-	-	-	-	-	695,007	(550,084)	-	-	(70,453)	-	(620,537)	74,470
Traffic	1,231,368	-	(1,945)	-	-	-	1,229,423	(809,750)	1,591	-	(111,018)	-	(919,177)	310,246
Water	413,125,550	8,562,949	-	-	-	22,652,090	444,340,589	(55,328,324)	-	-	(15,791,529)	-	(71,119,853)	373,220,736
Workshop	691,408	-	-	-	-	-	691,408	(587,464)	-	-	(38,194)	-	(625,658)	65,750
Finance leases	1,341,000	-	-	-	-	-	1,341,000	(553,272)	-	-	-	-	(553,272)	787,728
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,119,787,771</b>	<b>15,410,475</b>	<b>(993,092)</b>	<b>-</b>	<b>-</b>	<b>31,997,921</b>	<b>1,166,203,075</b>	<b>(165,909,401)</b>	<b>562,210</b>	<b>(24,058)</b>	<b>(41,521,743)</b>	<b>-</b>	<b>(206,892,992)</b>	<b>959,310,083</b>
<b>Municipal Owned Entities</b>														
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# Ga-Segonyana Local Municipality

## Appendix C

June 2012

Segmental analysis of property, plant and equipment as at 30 June 2012	
Cost/Revaluation	Accumulated Depreciation

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,119,787,771	15,410,475	(993,092)	-	-	31,997,921	1,166,203,075	(165,909,401)	562,210	(24,058)	(41,521,743)	-	(206,892,992)	959,310,083
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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1,119,787,771	15,410,475	(993,092)	-	-	31,997,921	1,166,203,075	(165,909,401)	562,210	(24,058)	(41,521,743)	-	(206,892,992)	959,310,083

## June 2012

<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus /(Deficit) Rand</b>		<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus /(Deficit) Rand</b>
			<b>Municipality</b>			
6,459,158	(12,783,316)	(6,324,158)	Executive & Council/Mayor and Council	8,683,152	14,414,156	(5,731,004)
19,121,305	(16,565,819)	2,555,486	Finance & Admin/Finance	21,407,128	27,815,127	(6,407,999)
39,566,828	(36,558,859)	3,007,969	Planning and Development/Economic Development/Plan	(6,441,705)	26,677,419	(33,119,124)
27,501	(947,793)	(920,292)	Health/Clinics	27,992	1,018,733	(990,741)
(297,256)	(4,866,867)	(5,164,123)	Comm. & Social/Libraries and archives	(174,188)	5,613,969	(5,788,157)
1,500	-	1,500	Housing	32,258,626	-	32,258,626
4,194,988	(6,435,317)	(2,240,329)	Public Safety/Police	4,863,936	7,817,037	(2,953,101)
1,459,164	(6,754,818)	(5,295,654)	Sport and Recreation	1,513,793	6,222,810	(4,709,017)
11,199,467	(8,797,316)	2,402,151	Environmental Protection/Pollution Control	-	-	-
14,162,155	(7,931,390)	6,230,765	Waste Water Management/Sewerage	30,886,478	20,495,811	10,390,667
118,101	(16,337,222)	(16,219,121)	Road Transport/Roads	3,316,254	17,087,720	(13,771,466)
35,248,501	(30,394,035)	4,854,466	Water/Water Distribution	52,818,945	31,774,487	21,044,458
67,184,735	(52,071,091)	15,113,644	Electricity /Electricity Distribution	90,495,099	67,350,383	23,144,716
434,525	(6,671,337)	(6,236,812)	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
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<b>198,880,672</b>	<b>(207,115,180)</b>	<b>(8,234,508)</b>		<b>239,655,510</b>	<b>226,287,652</b>	<b>13,367,858</b>

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# Ga-Segonyana Local Municipality

## Appendix D

June 2012

### Segmental Statement of Financial Performance for the year ended

Prior Year	Current Year
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Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Rand			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
198,880,672	(207,115,180)	(8,234,508)	Total	239,655,510	226,287,652	13,367,858

# Ga-Segonyana Local Municipality

## Appendix E(1)

June 2012

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

	Current year 2011 Act. Bal.	Current year 2011 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand		
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	14,823,008	17,947,614	(3,124,606)	(17.4)	
Service Charges	80,915,552	80,521,982	393,570	0.5	
Public Contributions and Donations	-	-	-	-	
Fines	-	-	-	-	
Third Party Payments	-	-	-	-	
Service Charges	-	-	-	-	
Rental of Facilities and Equipment	-	-	-	-	
Intrest Earned- External Investment	1,666,501	1,656,824	9,677	0.6	
Interest Earned - Outstanding Debtors	-	-	-	-	
Dividends received	296	596	(300)	(50.3)	
Income from agency services	1,267,224	1,100,000	167,224	15.2	
Public contributions and donations	-	5,762,159	(5,762,159)	(100.0)	
Fines	4,082,812	5,746,220	(1,663,408)	(28.9)	
Licences and permits	1,774,889	1,775,910	(1,021)	(0.1)	
Government grants & subsidies	128,456,654	65,932,958	62,523,696	94.8	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
Revenue 1	-	-	-	-	
Revenue 2	-	-	-	-	
Miscellaneous other revenue	3,854,231	2,611,423	1,242,808	47.6	
Administration and management fees received	-	-	-	-	
Gains on disposal of assets	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Third party payments	377,451	150,397	227,054	151.0	
Other income 2	-	-	-	-	
Other income 3	-	-	-	-	
Other income	-	-	-	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	-	-	-	-	

# Ga-Segonyana Local Municipality

## Appendix E(1)

June 2012

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

	Current year 2011 Act. Bal.	Current year 2011 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Interest received - investment	1,873,025	727,530	1,145,495	157.4
Interest received - other	1,154,184	1,304,840	(150,656)	(11.5)
Dividends received	-	-	-	-
	240,245,827	185,238,453	55,007,374	29.7
Expenses				
Executive and Council	(42,726,256)	(43,748,101)	1,021,845	(2.3)
Budget & Treasury	-	-	-	-
Corporate Services	(5,529,825)	(4,996,916)	(532,909)	10.7
Planning and Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	(41,879,895)	(19,454,586)	(22,425,309)	115.3
Sport and Recreation	-	-	-	-
Waste Management	-	-	-	-
Waste Water Management	(8,420,370)	(365,470)	(8,054,900)	204.0
Road Transport	-	-	-	-
Water	(3,929,148)	(3,083,258)	(845,890)	27.4
Electricity	-	-	-	-
Public safety	-	-	-	-
Repairs and maintenance	-	-	-	-
- Manufacturing expenses	-	-	-	-
Repairs and maintenance - General	(19,927,354)	(21,336,751)	1,409,397	(6.6)
Repairs and maintenance - General	-	-	-	-
Bulk purchases	(41,533,132)	(41,533,134)	2	-
Contracted Services	-	-	-	-
Grants and subsidies paid	(21,654,250)	(3,289,150)	(18,365,100)	558.4
Cost of housing sold	-	-	-	-
General Expenses	(40,687,423)	(42,887,747)	2,200,324	(5.1)
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
	(226,287,653)	(180,695,113)	(45,592,540)	25.2
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	(590,316)	6,740	(597,056)	858.4
Gains or losses on biological assets and agricultural produce	-	-	-	-

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012**

	<b>Current year 2011 Act. Bal.</b>	<b>Current year 2011 Adjusted budget</b>	<b>Variance</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Income from equity accounted investments	-	-	-	-
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-
Taxation	-	-	-	-
Discontinued operations	-	-	-	-
	(590,316)	6,740	(597,056)	858.4
Net surplus/ (deficit) for the year	13,367,858	4,550,080	8,817,778	193.8

## June 2012

Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
Rand	Budget Rand	Rand	%	

Executive & Council/Mayor and Council	658,087	600,000	(58,087)	<b>(10)</b>
Finance & Admin/Finance	110,447	-	(110,447)	-
Planning and Development/Economic Development/Plan	0,495,570	2,890,813	7,604,757)	<b>(263)</b>
Health/Clinics	-	-	-	-
Comm. & Social/Libraries and archives	-	-	-	-
Housing	-	-	-	-
Public Safety/Police	1,866,644	2,500,000	633,356	<b>25</b>
Sport and Recreation	7,332	-	(7,332)	-
Environmental Protection/Pollution Control	-	-	-	-
Waste Water Management/Sewerage	-	4,999,258	4,999,258	<b>100</b>
Road Transport/Roads	8,288	5,831,386	5,823,098	<b>100</b>
Water/Water Distribution	8,562,949	2,792,730	4,229,781	<b>74</b>
Electricity /Electricity Distribution	-	8,060,082	8,060,082	<b>100</b>
Other/Air Transport	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	<b>1,709,317</b>	<b>7,674,269</b>	<b>5,964,952</b>	<b>62</b>

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Ga-Segonyana Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
Municipal Infrastructure Grant		22,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No		
Department of Mineral and Energy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Water and Sanitation Master Plan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Amogelang Early childhood		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Library development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Municipal Systems Act		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Construction Nelson Mandela Drive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Blue Drop & Green Support		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		22,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Ga-Segonyana Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
Municipal Infrastructure Grant		22,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No		
Department of Mineral and Energy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Water and Sanitation Master Plan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Amogelang Early childhood		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Library development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Municipal Systems Act		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Construction Nelson Mandela Drive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Blue Drop & Green Support		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		22,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

## Ga-Segonyana Local Municipality

## Appendix F

## Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
Municipal Infrastructure Grant		22,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
Department of Mineral and Energy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Water and Sanitation Master Plan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Amogelang Early childhood		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Library development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Municipal Systems Act		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Construction Nelson Mandela Drive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Blue Drop & Green Support		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		22,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.



# Ga-Segonyana Local Municipality

(Registration number NC452)

Unaudited Annual Financial Statements for the year ended 30 June 2012

## Annotations

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1. Combined with consumer debtors as "Trade Receivables from exchange transactions" in prior year AFS
2. Grants receivable shown separately in AFS 2011
3. Combined with Receivables from exchange transactions as "Trade Receivables from exchange transactions" in prior year AFS
4. Journal needed
5. Journal needed
6. Journal needed
7. Grouped with Finance lease obligation in prior year AFS as "Current Portion of Long-term Liabilities"
8. Grouped with Other financial liabilities in prior year AFS as "Current Portion of Long-term Liabilities"
9. Combined with leave provision in Excel AF
10. Combined with current portion of post-employment benefit in Excel AF
11. Grouped with Finance lease obligation in prior year AFS as "Long-term Liabilities"
12. Grouped with Other financial liabilities in prior year AFS as "Long-term Liabilities"
13. Off by R 2 988
14. 210-260096 was mis-mapped in prior year. Corrected in current year and journal RCF-PK-0002 to R00004 written to preserve PY balance